



"Mid Michigan's Largest Beer, Wine & Liquor Merchant Since 1934"

**908 N. Johnson Street
Bay City, Michigan 48708**

**401 Salzburg Ave.
Bay City, MI. 48706**

March 14, 2012

The sale of cigarettes and tobacco is heavily regulated and highly taxed. Our retail purchase price must include federal and state excise taxes in addition to sales tax we must add on. The cigarettes we sell must also have the surgeon general warnings on every pack, must comply with federal labeling laws, must be fire safety standard compliant, and all retailers must verify the age of the purchaser and refuse sale to anyone under the age of 18.

The RYO machines that have recently shown up in retail outlets around the state sell their cartons of cigarettes at half our retail price because they do not collect the same taxes we do and their cartons do not comply with the state and federal cigarette regulations.

The convenience store industry in Michigan cannot compete with this level of illegal activity. We are happy to compete on a LEVEL playing field. Therefore we support SB930, Senator Kahn's bill to require RYO machine cigarette manufacturers become licensed, pay all taxes, and comply with all rules and regulations that Michigan's convenience stores do.

I would also add a couple other points to consider.

- 1) There is not one consumer that prefers to roll their own cigarettes are the RYO people contend. They would much prefer a national brand at the RYO price. They only roll their own because of price.
- 2) RYO proponents talk about the jobs they created and would lose if this law is passed. I say the jobs they created are really jobs taken from the convenience store industry because of the reduction in sales of packaged cigarettes in favor of RYO.
- 3) RYO industry exists only because of the unfair tax advantage. Level the playing field to make it fair for everyone. Why continue to hurt small businesses such as mine by allowing this unfair taxation to continue. My business cigarette sales

are just a fraction of what they were before the high taxes were implemented.
RYO, internet sales and purchases across state lines have replaced our sales.

I would be glad to answer any questions.

A handwritten signature in black ink, appearing to read 'J. Crete', with a stylized, cursive flourish at the end.

Jerome T. Crete
Vice-President